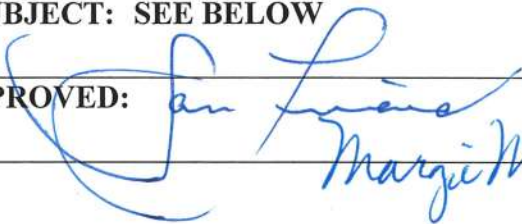





Memorandum

TO: CITY COUNCIL**FROM:** Mayor Sam Liccardo
Councilmember Margie Matthews**SUBJECT:** SEE BELOW**DATE:** May 15, 2015**APPROVED:****DATE:**


5-15-15

SUBJECT: ACTIONS RELATED TO THE AGREEMENT WITH ABB INC. FOR THE
RELOCATION OF FACILITIES**RECOMMENDATION**

Approve recommendations outlined in the staff report dated April 29, 2015 relating to adopting a resolution authorizing the City Manager to execute a Capital Equipment and Assistance Agreement with ABB Inc.

BACKGROUND

"Renovation Row" coined a couple of years ago by the San Jose Business Journal describes an area in North San Jose, bounded by North First Street and Orchard Parkway. Approximately 1.4 million square feet of office/R&D space built here in the 1980's and 1990's housed tech giants like Rockwell Collins, Kaiser Electronics, Atari, General Disk, Teledex, Schlumberger, and EIP Microwave. The evolution of Silicon Valley technologies, mergers and acquisitions, lack of investment in building upgrades and the dot.com bust slowly but surely caused area vacancies to soar to heights not experienced before. We believe that a focused engagement on our part with local developers in 2011, as well as the real estate market recovery, contributed to acquisitions of the buildings by investment firms like LBA Realty, South Bay Development, Bixby, MWest, and Lane Partners, and significant dollars were invested into retrofitting the buildings to suit the demands of today's tech tenants. Thanks to the efforts of our Economic Development and Permitting team, many of the renovated buildings are now occupied by companies like Intermolecular, Verifone, ASML, ProteinSimple, Verizon, Vander-Bend, and Tessera. See attached location map. Just this week it was announced that Sand Hill Property Company paid \$212/sf to acquire a building on "Renovation Row" proving that investor interest continues to be strong.

We are delighted to welcome ABB Inc. to an area where other companies in the semiconductor, clean-tech, contract manufacturing, and telecom industries are thriving. The staff report highlights the economic benefits that San Jose stands to gain from attracting ABB and its affiliate companies to North San Jose as follows:

CITY COUNCIL

May 15, 2015

Subject: Actions Related to the Agreement with ABB Inc. for the Relocation of Facilities

Page 2

- Occupancy of a 94,000sf building
- 200-230 jobs
- Tenant improvements valued at \$3 million
- Capital equipment valued at \$3-5 million
- Property tax increment revenues estimated at \$64,000 - \$512,000
- Use tax revenue valued at \$25,000 – 30,000

In 2014, Council approved a budget allocation of \$1 million to attract manufacturing companies that were seeking to relocate or expand in San Jose. We believe that the benefits outlined above far outweigh the public investment of the proposed \$100,000 grant to ABB Inc. for capital equipment acquisitions. We ask our Council colleagues to join us in approving this item.

Renovation Row in North San Jose

